



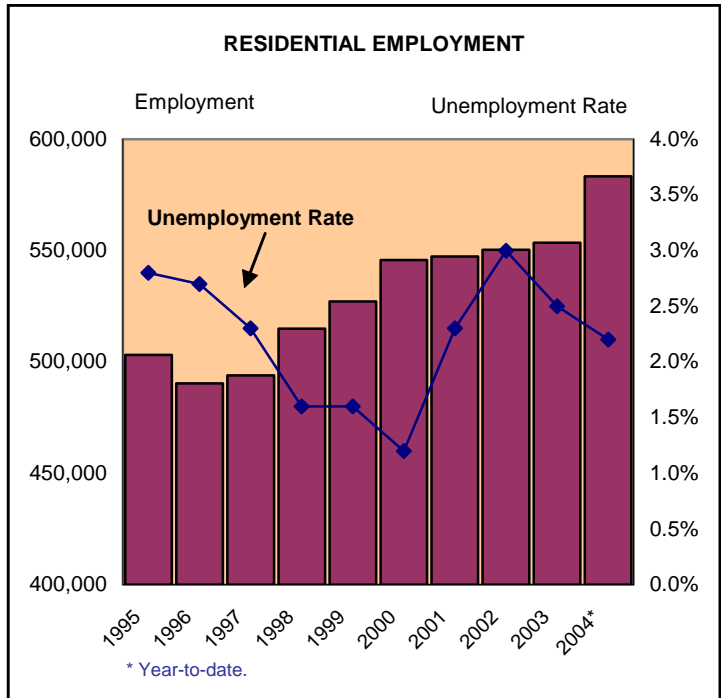
ECONOMIC INDICATORS®

FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

AUGUST 2004

IN THIS ISSUE:

- The unemployment rate in Fairfax County for June 2004 increased to 2.2 percent from 2.0 percent in May. However, the number of employed County residents increased by 24,372.
(See page 1)
- Sales Tax receipts for Fairfax County in August 2004 are \$13.0 million, 16.2 percent over August 2003.
(See page 2)
- The number of new residential permits issued through July increased 103.1 percent while new nonresidential permits have declined 32.9 percent during the same period.
(See page 3)
- The June 2004 Coincident and Leading Indices for both Fairfax County and the Washington Metropolitan area increased over May 2004.
(See pages 5 and 6)



Source: Virginia Employment Commission. Compiled by the Fairfax County Department of Management and Budget.

Employment

As reported by the Virginia Employment Commission (VEC), the June 2004 unemployment rate in Fairfax County increased to 2.2 percent from 2.0 percent in May 2004. Over the year; however, the number of employed Fairfax County residents increased 24,372 to 583,401 in June 2004, an increase of 4.4 percent over June 2003. During this period, the unemployment rate in Fairfax County fell 0.6 percentage points from 2.8 percent in June 2003 to 2.2 percent in June 2004.

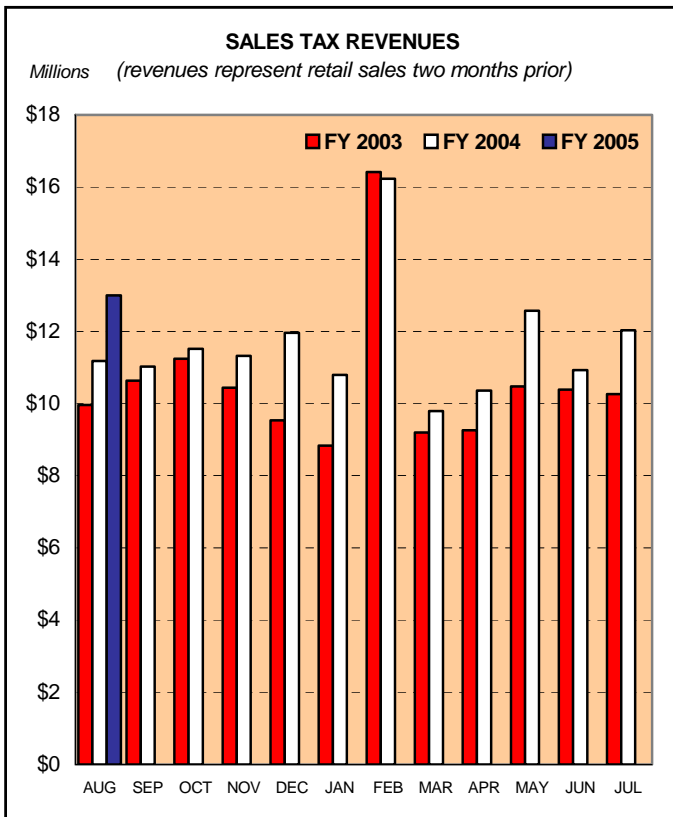
Virginia's nonagricultural employment posted a new record of 3,617,600 jobs in June, eclipsing the previous record set in December 2000 by 20,800 jobs. Currently, Virginia is adding jobs at an annual rate of 2.3 percent, more than twice as fast as the 1.1 percent June national annual rate of job creation. In Virginia, each month in 2004 has set record employment levels for that respective month.

The June unemployment rate in Virginia increased to 3.8 percent, 0.3 percentage points higher than in May 2004. The June 2004 national unemployment rate was 5.8 percent.



The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

<http://www.fairfaxcounty.gov/comm/economic/economic.htm>



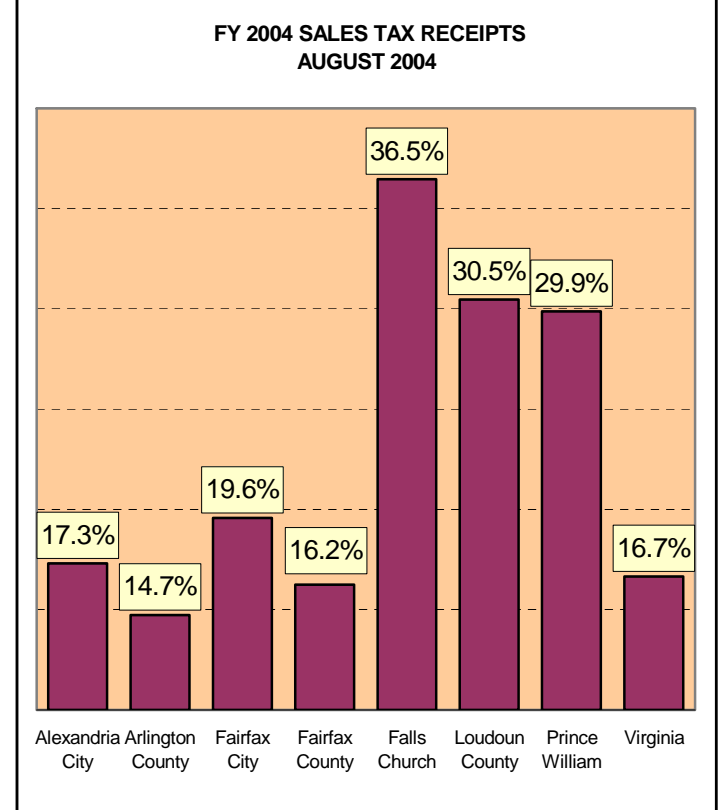
Source: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget.

Fairfax County Sales Tax Receipts

August Sales Tax receipts for Fairfax County, representing retail purchases made in June, are \$13.0 million, an increase of 16.2 percent over August 2003. August Sales Tax receipts represent the first month of FY 2005.

National Sales Tax Receipts

According to the Commerce Department, seasonally adjusted preliminary July 2004 retail sales estimates for the U.S. increased 0.7 percent over the previous month and increased 6.5 percent over July 2003.



Source: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget.

Neighboring Jurisdictions

All Northern Virginia localities reported growth in Sales Tax receipts in August. Sales Tax receipts were up significantly in Falls Church at 36.5 percent, Loudoun County at 30.5 percent and Prince William County at 29.9 percent. Sales Tax receipts in Fairfax City were up 19.6 percent; Fairfax County, 16.2 percent; Alexandria City, 17.3 percent; and Arlington County, 14.7 percent. Statewide Sales Tax receipts increased 16.7 percent in August 2004.

Virginia Housing Costs Outpacing Incomes

As reported by the Center for Housing Research and the Virginia Association of Realtors, housing cost-burden in Virginia grew in 2003 as sales prices increased at a higher rate in Virginia than in the nation as a whole. Nationwide, 17.8 percent of the median family income was needed to buy a single-family home at the median price in 2003, down from 18.5 percent in 2002. In Virginia, the cost burden of buying a home increased to 19.3 percent from 19.1 percent over the same period.

Northern Virginia was the State's least affordable market, as measured by the percent of Virginia median family income required to purchase the median priced single-family house. To buy a median home in Northern Virginia (defined as Arlington County, Fairfax County, Alexandria City, Fairfax City, and Falls Church City) in 2003 would have required more than 31 percent of the state's median family income. In other words, the average family in the state cannot afford to purchase a median house in this area. By contrast, the median price home in Northern Virginia requires 18.0 percent of the Northern Virginia median family income for principle and interest.

Home Ownership Cost Burden

Area	2000	2001	2002	2003
United States ¹	19.0%	18.4%	18.5%	17.8%
Virginia ¹	19.2%	18.3%	19.1%	19.3%
Northern Virginia ¹	26.5%	27.0%	30.0%	31.5%
Northern Virginia ²	16.5%	16.7%	17.9%	18.0%

¹ Measured using the Virginia Median Family Income.

² Measured using the Northern Virginia Median Family Income.

Northern Virginia Housing Prices and Incomes

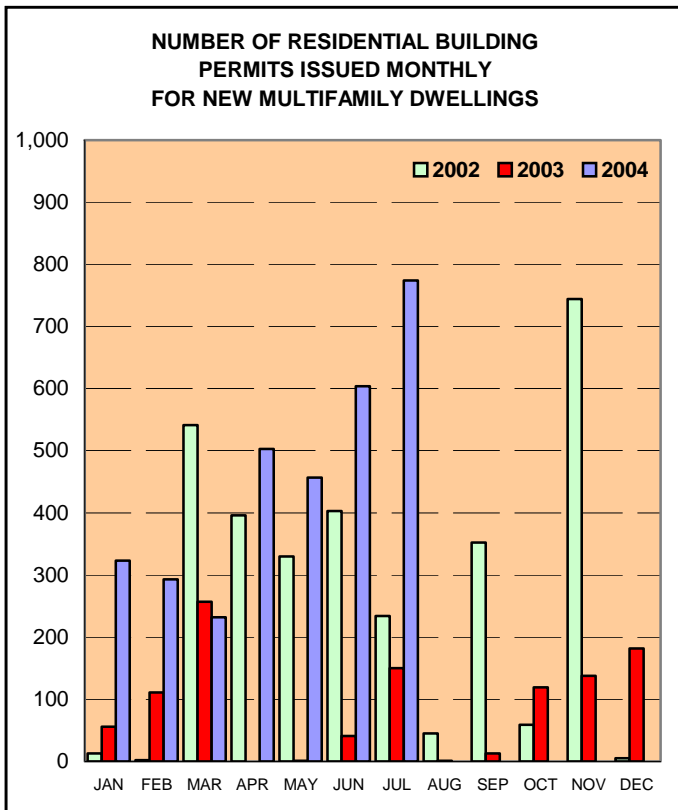
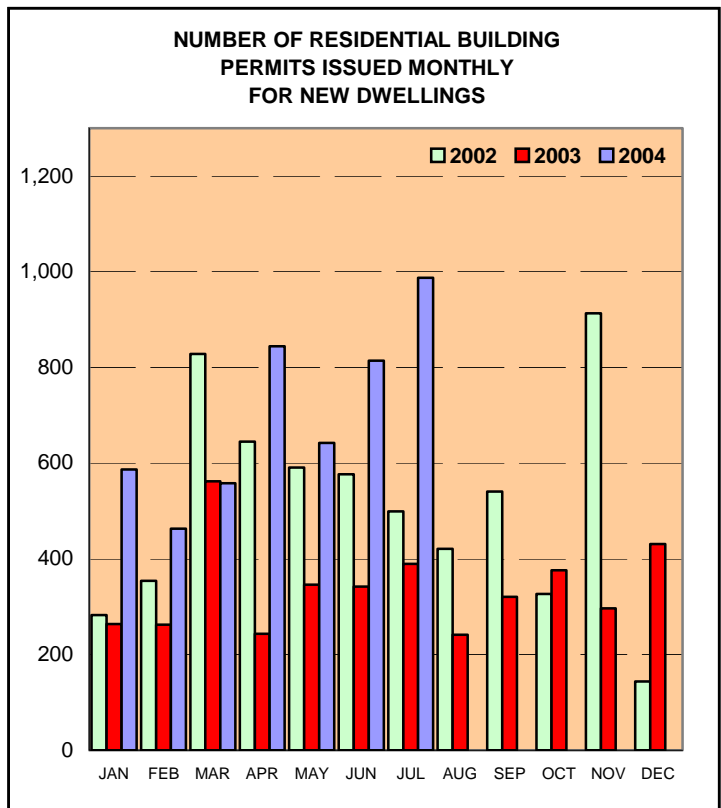
Measurement	% Change 2000-2003	% Change 2002-2003
Median Single-Family Home Sale Price	50.6%	14.4%
Median Family Income	8.8%	3.9%

Source: Virginia Center for Housing Research and the Virginia Association of Realtors.

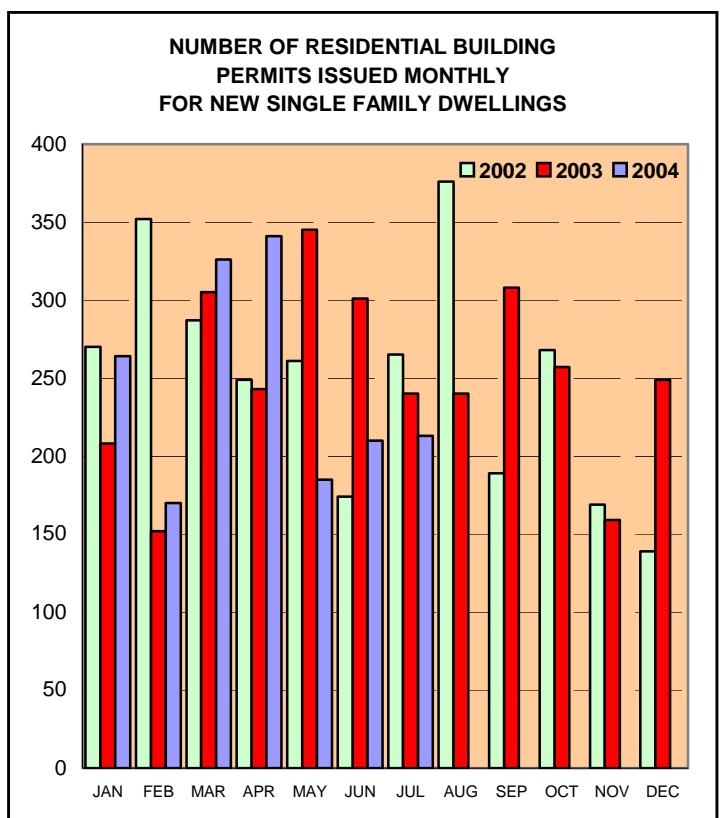
Building Permits

Issues of new residential dwelling permits recorded a strong gain in July 2004, increasing to 987 permits from 390 permits in July 2003, an increase of 153.1 percent. The 4,895 permits issued during the first seven months of calendar year 2004 exceed that of the same period last year by a margin of 103.1 percent, or 2,485 permits. Through the first seven months of calendar year 2004, 3,186 multifamily permits have been issued, more than five times the 616 permits issued during the same period last year. Single family permits issued through July 2004 total 1,709, down 4.7 percent or 85 permits, calendar year-to-date.

By contrast, residential repair and alteration permits issued through July 2004 are 2,708, a decline of 4,055 permits or 60.0 percent from the same period last year.

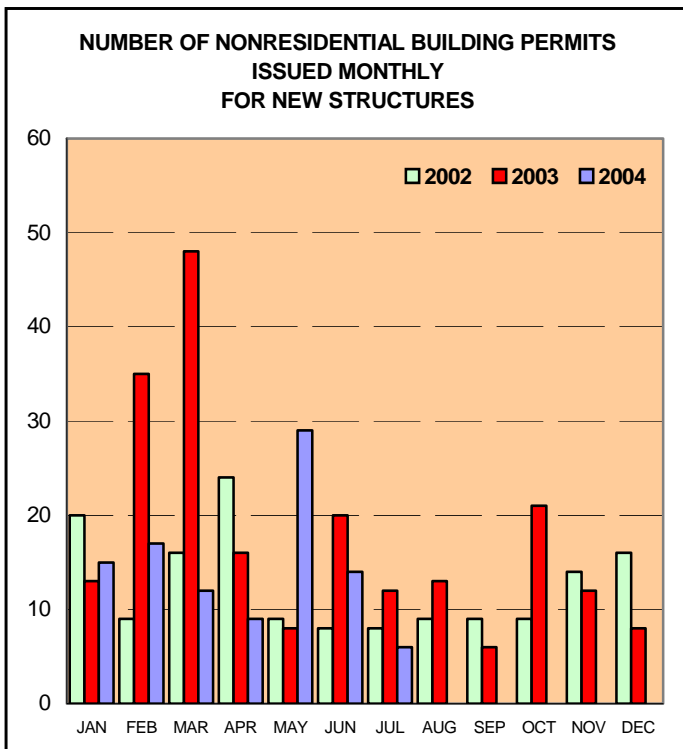


NOTE: In February 2002, only two permits were issued; in April 2003, no permits were issued; in August 2003, only one multifamily permit was issued and therefore, the bars are too small to discern.



Source of data for all above charts: Fairfax County Department of Public Works and Environmental Services. Compiled by the Department of Management and Budget.

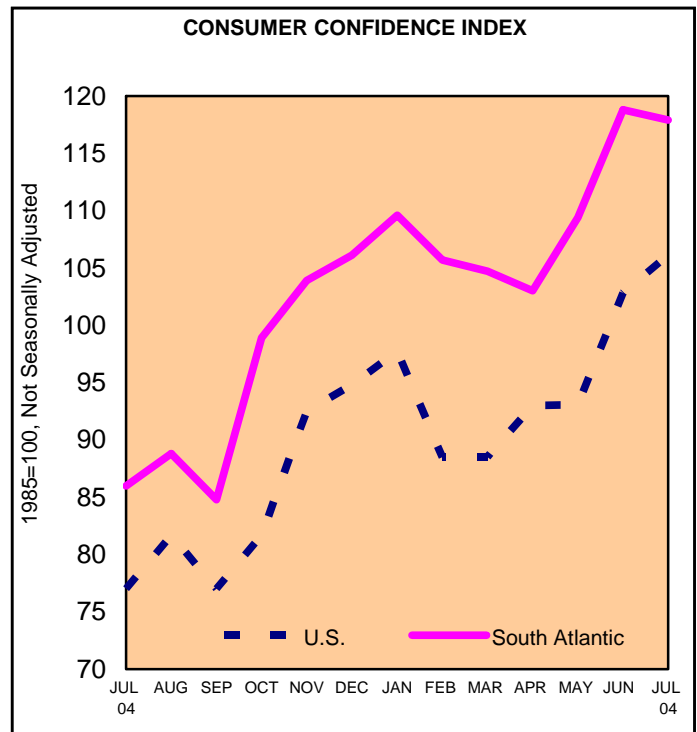
ADDITIONAL INDICATORS



Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

Nonresidential Building Permits

The number of nonresidential building permits issued in July declined from the same month last year for the fifth time in six months. Through July 2004, 102 nonresidential building permits have been issued, down 32.9 percent or 50 permits from the same period last year. However, nonresidential repair and alterations permits issued through July 2004 were 2,283, an increase of 11.4 percent or 233 permits over the same period last year.



Source: The Conference Board. Compiled by the Fairfax County Department of Management and Budget.

Consumer Confidence Index

The Conference Board reports that the Consumer Confidence Index increased 3.2 points in July 2004. The Index is 106.1, compared to 102.8 recorded in June 2004. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, "Consumer Confidence has now increased for four consecutive months, and is at its highest level since June 2002 when it registered 106.3."

The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. In July, the Present Situation Index increased to 106.5 from 105.9 points, a 0.6 point gain over last month. The Expectations Index increased to 105.8 from 100.8, an increase of 5.0 points.

As Franco noted, "The spring turnaround has been fueled by gains in employment, and unless the job market sours, consumer confidence should continue to post solid numbers."

Due to the implementation of a new computer system, Fairfax County home sales data are not available.

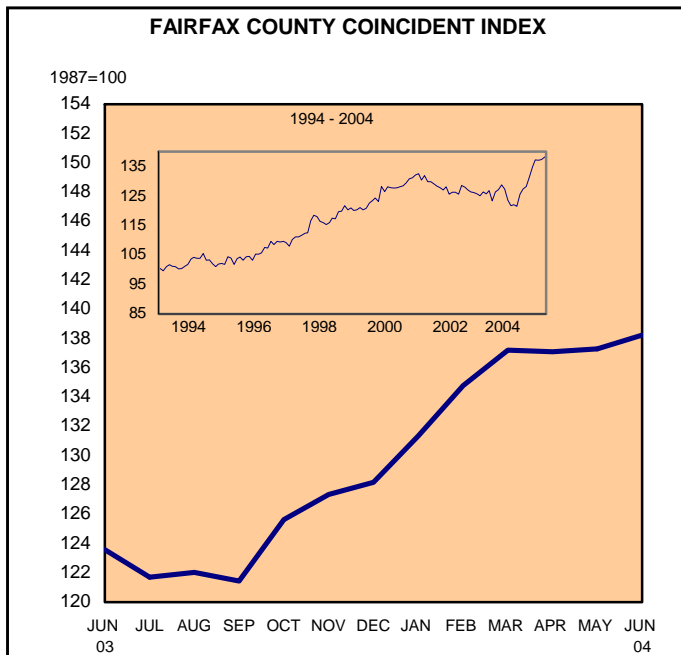
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in the coming months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices, which consider the Washington Metropolitan economy. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

Fairfax County Coincident Index

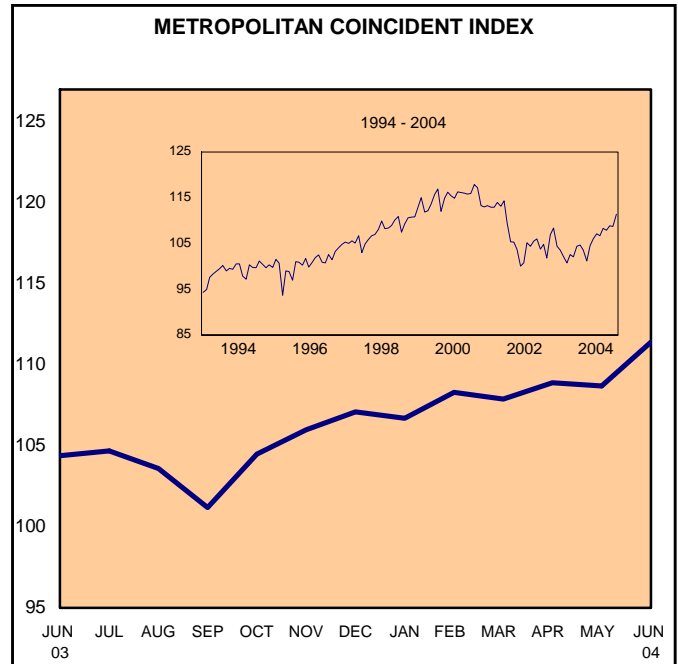


The Fairfax County Coincident Index, which represents the current state of the County's economy, increased to 138.2 in June 2004, a 0.7 percent gain over May 2004. The Index has increased ten consecutive months over last year's same-month values and is currently 7.7 percent above its June 2003 level.

In June, three of the Index's four components were positive. Consumer Confidence (in the present) increased for the fourth consecutive month; total employment increased for the sixteenth consecutive month; and sales tax collections, adjusted for inflation and seasonal variation, increased slightly after a sharp increase in May. By contrast, transient occupancy tax collections, adjusted for inflation and seasonal variation, decreased for a second consecutive month.



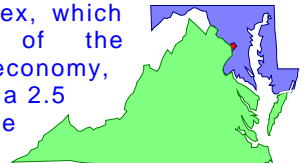
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.



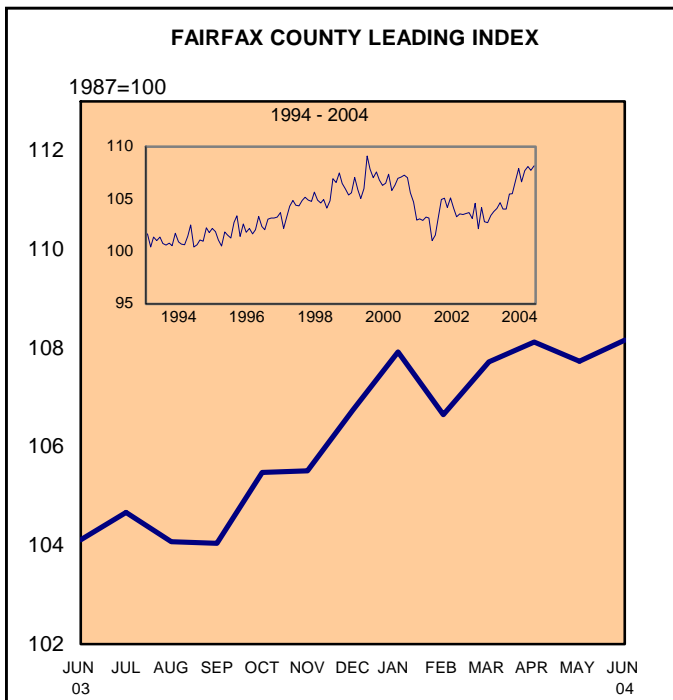
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.

Metropolitan Coincident Index

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, increased to 111.4 in June 2004, a 2.5 percent gain over May 2004. The June increase represents its strongest one-month gain since October 2003. The Index has now exceeded its same-month value from last year for seven consecutive months and is up 7.0 percent over its June 2003 level.



In June, all four of the Index's components were positive. Domestic passenger volume at Reagan National and Dulles Airports increased for the second time in three months; Consumer Confidence (in the present) increased in June for the fourth consecutive month; wage and salary employment increased for the fifth consecutive month; and nondurable goods retail sales increased following a decline in May.



Source: Center for Regional Analysis, George Mason University.
Compiled by the Fairfax County Department of Management and Budget.

Fairfax County Leading Index



The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, increased to 108.2 in June 2004, a 0.4 percent gain over May; however, the Index is currently up 3.7 percent over its June 2003 level.

In June, four of the Index's five components contributed to its gain. Residential building permits issued increased for the third time in four months; the total value of residential building permits increased after falling in May; consumer expectations (consumer confidence six months hence) improved for the second consecutive month; and new automobile registrations increased sharply. By contrast, initial claims for unemployment insurance increased (worsened) in June after having improved for three consecutive months.

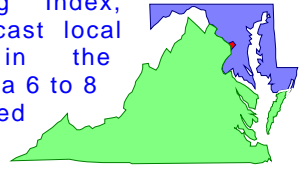
Inquiries should be directed to:

The Department of Management and Budget
12000 Government Center Parkway, Suite 561
Fairfax, Virginia 22035-0074
(703) 324-2391 or 1-800-828-1120 (TDD)

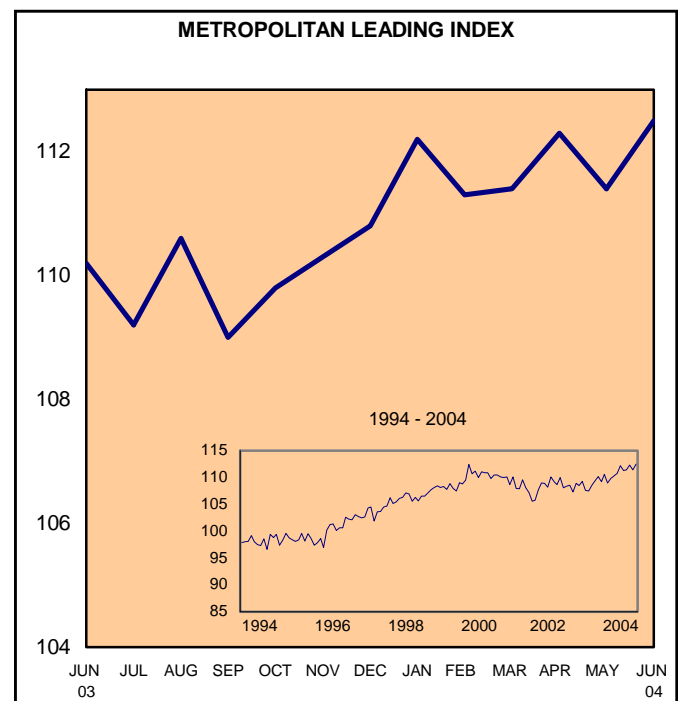
Staff: Susan Datta, Director; Marcia Wilds and Jameson Penn, analysts.

Metropolitan Leading Index

The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 6 to 8 months in advance, increased to 112.5 in June 2004, a gain of 1.0 percent over May.



In June, four of the Index's five components contributed to its rise. Total residential building permits increased for the fourth time in five months; initial claims for unemployment insurance decreased (improved) in June for the second time in three months; the Help Wanted Index increased for the third consecutive month; and consumer expectations (consumer confidence six months hence) increased for a second consecutive month. By contrast, durable goods retail sales declined for the second month in a row.



Source: Center for Regional Analysis, George Mason University.
Compiled by the Fairfax County Department of Management and Budget.